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UNCLAS BANGKOK 007921

SIPDIS

SENSITIVE

DEPARTMENT PASS USTR

E.O. 12958: N/A

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SUBJECT: DIP NOTE DELIVERED ON AER

REF: SECSTATE 299932

1. (U) On December 29, post delivered a diplomatic note to the Ministry of Foreign Affairs as requested in reftel. The diplomatic note was delivered after the RTG declined to withdraw its diplomatic note of December 29, 2004 stating its intention to withdraw from Articles IV and X of the Treaty of Amity and Economic Relations (AER).

2. (SBU) According to an MFA source, the Cabinet met on December 27 to discuss the plan to withdraw the diplomatic note; PM Thaksin was in attendance. Deputy PM Somkid strenuously opposed continuation of the AER, citing the lack of concrete commitments from the U.S. to make trade concessions and feared that continuation of the AER would damage the RTG bargaining position in the FTA. Deputy PM Surakiart supported Somkid's position, though less vocally. PM Thaksin did not apparently have a set position but listened to the discussion and agreed with the majority view led by Somkid.

3. (SBU) MFA officials were surprised and downbeat at the decision not to withdraw the Thai diplomatic note, noting their belief that Somkid's assertions were not valid, and were concerned at the effect the decision would have on U.S. investment and the upcoming FTA round in Chiang Mai in January. Embassy expressed its disappointment at the RTG decision, but made clear the USG was still focused on the FTA and planned for productive negotiations in Chiang Mai. MFA officials said they were still awaiting instructions on how to proceed and noted that once a position was developed they would request the RTG Embassy in Washington to present the official position to the USG.

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